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Senate moves to protect consumers from sweepstakes scams and false charitable organizations

LANSING – The Senate passed two bills this week to protect consumers from aggressive marketing by sweepstakes firms and unscrupulous organizations posing as charities, said Sen. Gerald Van Woerkom, R-Norton Shores.

Senate Bill 1114 was introduced to prevent solicitors from preying on older Americans. The bill would create the Prize and Sweepstakes Act, establishing prohibited acts with regard to sweepstakes and sales presentations that offer money or gifts for attending. SB 1114 also establishes civil penalties for perpetrators of this crime.

“I fully support efforts to protect consumers from sweepstakes scams that bear false promises,” Van Woerkom said. “Michigan law must accurately address the individuals who would prey upon the innocent with these marketing schemes.”

SB 1114 would specifically require sweepstakes solicitors to: provide official rules to each individual solicited; not require payment or any other consideration to be eligible for a prize; not represent that a person is a winner or has already won unless they have; provide a clear and conspicuous statement that no purchase is necessary to enter; and not represent that an entry accompanied by an order is eligible for more prizes.

Another consumer protection bill passed by the Senate this week would amend the Charitable Organizations and Solicitations Act to replace the current licensing system with a system of registration and reporting. SB 1115 would create new fees and tiered penalties for violations.

“Organizations posing as charities are robbing Michigan consumers of their money and that needs to stop,” Van Woerkom said. “Consumers should have a resource available to verify charitable organizations, to ensure that donations can continue to play an important role in bettering our community.”

SB 1115 is intended to provide consumers with information to assist in informed giving. Hospitals and veteran’s organizations would retain their current exemptions from this law. Organizations with less than \$25,000 in annual contributions also are exempt from the new provisions.

SB 1114 and SB 1115 will now be considered by the House of Representatives.

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